

INDUSTRY UPDATE

Biweekly Period Ending July 27, 2002

Phoenix Metro Area

Manufacturing

In a sign that the U.S. and world economies still haven't fully recovered from the economic slowdown, **two major high-tech companies** with a large Valley presence **announced upcoming job reductions** (also see "Trade," below). **Intel Corp.** announced in mid-July it plans to **eliminate 4,000 positions worldwide** (about 5 percent of its workforce) over the **next six months**. A local Intel spokesperson, however, said the cuts will have only a "minimal impact" on Valley operations, where the Santa Clara, Calif.-based semiconductor maker employs around 10,000 workers. **Job cuts** — which will affect a variety of administrative and technical occupations throughout the company — will mainly come from **attrition and early retirement**, the spokesperson said. The job reductions are the second such event for Intel in the past year. The company eliminated about 5,000 jobs in 2001, also primarily through attrition and early retirement. ... At about the same time as Intel's announcement, aerospace giant **Honeywell** said it will **cut 2,000 jobs**. The move by the Morris Township, N.J.-based company — which employs more than 15,000 workers in the Valley (and another 800 in Tucson) — comes only a few months after the elimination of 4,000 jobs worldwide through attrition and layoffs. **No specific information** was given on how the **cutbacks will affect Honeywell's Valley-based Aerospace and Industrial Controls units**.

Trade

Valley-based electronic-components distributor **Avnet eliminated 775 jobs worldwide**

during the second quarter, with about **one-fifth** of the cuts coming from **local operations**. Continuing weakness in the computer- and electronic-parts business (see "Manufacturing," above) forced cuts across all of its operations. Avnet employs about 2,700 workers in the Valley at its corporate and marketing headquarters and warehouse operations. The state's largest Arizona-based corporation has seen its worldwide **employment fall from 15,000 to 11,000** in the **past year** as its profits have shrunk to near break-even levels.

Although it may seem so, economic news hasn't been all bad for the metro area. Arizona's (and the world's) largest private employer, **Wal-Mart**, said it will **build** a nearly 900,000-square-foot **food distribution center** in **Casa Grande** to **service** its stores throughout **the Southwest**. **Construction** of the warehouse facility, which will **employ about 400**, will **begin this fall**, with completion expected within a year. The Arkansas-based retailer employs about 18,000 workers in Arizona at 50 stores and one distribution center (in Buckeye).

Tucson Metro Area

Manufacturing

Although initially only **employing** about a **dozen workers** at a Tucson operation, a developer of chips for flat-screen computer monitors and TVs sees a much brighter picture for job openings in the future. Norwood, Mass.-based **Analog Devices** said its **design and development center** (5620 N. Kolb Road) will likely see a **10-fold increase in staff** (e.g., design, test, and product engineers) in the next few years, with an average

annual salary of more than \$65,000 a year. The Tucson site will design signal amplifiers used to translate computer signals to liquid-crystal displays.

Government

The number of **job losses since spring** at the **University of Arizona** has **risen to nearly 400** due to dramatic cuts in its state budget allocation. And it appears the job cutting isn't over. The school must cut an additional 2.5 percent, or \$8 million, from its 2002-'03 budget. About **half of the cuts** were **permanent full-time employees**, while the **other half** were **contract workers** (primarily teachers) whose agreements were not renewed. UofA is Tucson's largest public or private employer, with more than 11,000 workers.

Balance of State

Manufacturing

Following the lead of a similar business in Casa Grande (see April 6, 2002 *Industry Update*), a San Diego-based **computer recycler** is **opening** up shop in **Yuma**. **RMD Recycling** has signed a three-year lease for a **de-manufacturing plant** at the Curtis Industrial Park (2873 S. Shari Ave.). RMD has recently obtained contracts with several Southern California companies to recycle a variety of electronic equipment — computers, monitors, televisions, and cell phones. **No information** was available on **potential employment** at the recycling facility.

Flagstaff's largest private employer, artificial limb manufacturer **W.L. Gore**, recently held a job fair to find **additional assemblers** for the **expansion** of existing **operations** and the **addition** of **two new surgical products**. Gore, which employs about 1,100 in Flagstaff, will supply training to an **unspecified number of new employees** needed to build grafts for artificial arteries used in minimally invasive surgeries. The company, which is awaiting federal approval for the new prod-

ucts, is rated among the "100 best companies to work for" by *Fortune* magazine.

Construction

Work is proceeding on an exclusive **3,500-acre home development** 12 miles north of **Prescott**, while the city is working out final details on a **combination multi-family housing project** and **parking garage** in downtown. **Harvard Investments** said it expects to complete a private 18-hole golf course and pro shop by fall for **Talking Rock Ranch**, which will feature custom-designed homes on one-half to five-acre lots. The community's first homes are expected to be completed by early 2003. Meanwhile, Prescott-based **M3 Partners** is close to **deciding among three options** for a **structure** that will **sit above** a five-story, **425-car parking garage** on Granite Street. M3, which will split the cost of the garage with the city, will either build apartments, condominiums, or a mixed-use development (residential and retail) to compliment the parking facility.

Despite a slowing commercial and office real estate market in the state's metro areas, **Kingman's industrial and business construction** is **booming**. Among major projects under way in Kingman are: new \$6.9 million **Mohave County Sheriff's Office**, \$3 million **addition to Gardens Care Center** for Alzheimer's patients, **remodeling of Quality Inn**, addition of **service stations** at **Safeway** and **Smith's grocery stores**, construction of a **new Ford dealership**, and several apartment and elderly-care residences.

Transportation, Communications, and Public Utilities

Energy Development Group (EDG) of Wilton, Conn., has agreed to **build** a 600-megawatt **electric-generating plant near Gallup, N.M.** (about 25 miles east of the Arizona border). The project will **create 300 construction jobs** for two years beginning **in 2003**, then **25 permanent jobs** when the plant goes on-line in **summer 2005**. The \$300 million,

pollution-free facility — which has a combined-cycle system that only emits steam — will be located on 75 acres in the town of Gamerco, about 10 miles northwest of Gallup.

Services

The expected **opening** of a **new motel** and the **expansion of another** will help relieve overcrowding to some extent during the hectic upcoming Labor Day weekend in **Lake Havasu City**. With only 1,630 hotel and motel rooms now available and thousands expected to visit in early September, Lake Havasu City desperately needs the **80 new rooms** that will be available in August with the addition of 30 new rooms at the **Nautical Inn** and the opening of the 50-room **Island Suites** property. The \$6.6 million expansion at **Nautical** will **add 60 more rooms by fall**. The owners of Island Suites (263 S. Lake Havasu Ave.) are planning to open another 100-room property in the near future.

Government

With the **opening** in mid-July of a **new 63,000-square-foot juvenile detention center** in **Yuma** and the **start** of a **Fire Cadet Program in San Luis**, it appears Yuma County may be in **need** of some **additional fire and security workers**. The \$14.2 million Juvenile Justice Center, which was built as part of a \$57 million ballot measure approved by voters in September 2000, replaces a 30-year-old facility and offers enough bed space and expansion room to accommodate 10 years of growth. The Fire Cadet Program, which was started to attract 14- to 21-year-olds to the firefighting field, could lead to certification of participants (pending passage of an exam). Only seven of San Luis's 18 firefighters live in the city.

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